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# NASA Procedural Requirements

**COMPLIANCE IS MANDATORY**

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## **Subject: Budget Execution**

**Responsible Office: Office of the Chief Financial Officer**

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## **Chapter 3. Funds Distribution and Control**

### **3.1 Overview**

3.1.1 Federal agencies are required to establish an effective fund control system to prevent overspending and to ensure compliance with the laws and regulations which affect the formulation and implementation of Federal financial policy. This chapter prescribes the NASA funds distribution and control requirements, as well as the requirements for handling any potential or actual violations of those requirements.

### **3.2 Agency Requirements**

3.2.1 NASA shall comply with all requirements of the ADA and other laws and regulations affecting the use of Federal funds, Agency policy, and the NASA Fund Control Regulations approved by OMB. This requirement applies to all NASA funds/budget authority, including that received from reimbursable work and through the operation of working capital funds.

### **3.3 Roles and Responsibilities**

3.3.1 The Agency CFO/DCFO shall ensure that an effective system of administrative control of funds is established and maintained within the Agency and that the NASA Fund Control Regulations, which are provided in Appendix D, are reviewed periodically to determine whether improvements should be made. At a minimum, the system for administrative control of funds and Regulations shall be reviewed when:

- a. OMB issues revised guidance on budget execution.
- b. NASA revises its financial processes.
- c. The Agency is reorganized.
- d. The Agency has an ADA violation.

3.3.2 All NASA employees with funds distribution and control responsibilities shall comply with the policy and requirements set forth in this NPR and the appended NASA Fund Control Regulations, which are provided.

3.3.3 In addition, NASA personnel involved in budget execution activities shall ensure that:

- a. Funds are obligated and expended solely for the purposes for which they were appropriated, unless otherwise provided in law.
- b. Funds are available before being obligated.
- c. Obligations and expenditures are not authorized or incurred in excess of funds provided and available.
- d. Obligations are made within the available time limit of the appropriation.
- e. Only valid obligations are recorded in the accounting records, and they are recorded accurately and promptly.
- f. Outstanding obligations are reviewed periodically to verify that they are needed for ongoing requirements.

3.3.4 Responsibilities for Investigating, Reporting, and Following Up on Potential ADA or Administrative Violations.

3.3.4.1 The roles and responsibilities for fund distribution and control and for investigating, reporting, and following up on potential violations are outlined in the NASA Fund Control Regulations.

3.3.5 Responsibilities under a Continuing Resolution.

3.3.5.1 Directors, Budget Division and Financial Management Division, OCFO. Develop continuing resolution worksheets based on OMB guidance that specify how the funding will be distributed. Financial Management Division will then develop an apportionment request if an amount different from the automatic apportion is needed, forward to the Budget Division for review, and ensure the apportioned budget authority is properly delegated through the funds distribution process.

3.3.6 Responsibilities for a Funding/Appropriation Hiatus.

3.3.6.1 Agency CFO and Agency Deputy CFO. Publish the NASA contingency plan in the event of an appropriation hiatus, ensure that it remains up to date prior to any possible break in funding, and coordinate an orderly shutdown of operations if the plan must be implemented.

## **3.4 General Standards for the Control of Funds**

3.4.1 As discussed in Chapter 1, there are different forms of budget authority and there

are limitations established in law concerning the use of Federal funds. New obligations (including increases in a contract's scope) may only be incurred during the unexpired (current or available) phase of an appropriation. Only adjustments to valid, existing obligations may be made during the expired phase. Expenditures may be made during both the current and the expired phases. However, once the appropriation is closed, the balances and the authority to disburse are canceled. No obligations or expenditures may be made against the closed account. Any offsetting collections credited to a closed account are recorded as miscellaneous receipts in the Treasury, and any expenditures that must be made for obligations in closed accounts must be obligated against and disbursed from unexpired budget authority that is available for the same general purpose. However, it should be noted that ADA requirements continue through all three phases of an appropriation. Section 1.6 provides additional information concerning the business rules for each phase.

3.4.2 Controls over budget authority also apply in the event of the transfer of budget authority between NASA Centers for unplanned requirements during the year of execution. Inter-Center Fund Transfers (ICFTs) are not designed to subvert the regular fund distribution procedures. It is a process used to manage unplanned work requirements that arise after regular funds distribution planning processes in a timely manner, and the appropriate CAM must be informed when Centers implement a transfer.

## **3.5 Funds/Budget Authority**

### **3.5.1 Authorization and Appropriation.**

3.5.1.1 An authorization act establishes and continues the operation of Federal programs or agencies. NASA authorization acts typically describe the reasons for continuance of the Agency, establish Congressional intent regarding the Agency and its programs, describe Congressional initiatives and findings, and authorize the appropriation of funds for NASA to carry out its mission.

3.5.1.2 Several actions must occur before funds are made available to NASA. Although the authorization act provides the authority for funds to be appropriated, Congress must pass a separate appropriation act for the fiscal year, which begins on October 1, before any budget authority is granted to the Agency. If Congress does not enact an appropriation by the beginning of the fiscal year, they may pass a continuing resolution to prevent a government shutdown due to a lack of funds.

3.5.1.3 When a continuing resolution is passed by Congress, agencies receive an OMB Bulletin providing the guidance and formulas for determining the amount of interim funding the Agency will receive for the prescribed period of the resolution. Typically, the OMB Bulletin automatically apportions the amounts available in a continuing resolution. However, if OMB or the Agency determines that an amount different from the automatic apportionment is needed, an apportionment request may be submitted in accordance with the formats described in OMB Circular No. A-11, Section 121. Congress usually prohibits funding new programs until a regular appropriation is enacted.

3.5.1.4 When neither a regular appropriation nor a continuing resolution is passed by Congress and a funding, or appropriation, hiatus occurs, most operations of the Federal government must shut down. OCFO will publish a contingency plan to be used in this situation. The plan will list the activities which are considered essential and must be continued; the estimated time to complete the shutdown of operations; the number of

employees expected to be on board before implementation of the plan, the number to be retained under the plan, and why (e.g., law enforcement, funded by other resources); and the rules under which contractors funded from available multi-year appropriations may continue to work. Initiating new activities included in the proposed budget by using available money in the prior year should be avoided. OMB Circular No. A-11, Section 124, provides further guidance for this situation.

### 3.5.2 Appropriation/Treasury Warrant.

3.5.2.1 Once the President signs an appropriation bill, the Department of Treasury issues a warrant approved by the Comptroller General of the United States, which, in effect, establishes the "bank account." Funds paid out of the U.S. Treasury must be accounted for by charging them to an appropriation provided by or derived from an act of Congress. Treasury issues an appropriation warrant that establishes, by appropriation account, the specific amounts Congress has appropriated for NASA.

3.5.2.2 The appropriation warrant provides the Treasury Account Fund Symbols (TAFS) that must be used to identify all transactions against the account. A TAFS is issued for each appropriation title and identifies the agency responsible for the account, the period of availability, and the specific fund classification of the appropriation.

### 3.5.3 Other Fund Sources.

3.5.3.1 Reimbursables. Funds may also be received from reimbursable work. Reimbursable budget authority, as used in this NPR, is the authority to enter in agreements with other organizations, both Federal and non-Federal, to accept financial reimbursement for the costs of services or goods provided to the customer. It is spending authority provided based on offsetting collections, not appropriated funds. NASA financial policy and requirements governing reimbursables is provided in NPR 9090.1, "Reimbursable Agreements."

3.5.3.2 Working Capital Funds (WCFs). WCFs include selected Agency-wide operations and functions that produce products or provide services on a recurring basis. Income is derived from operations and is available to finance continuing operations, capital repairs, renovations, rehabilitation, sustainment, demolition, or replacement of NASA real property without a fiscal year limitation. Additional information on WCFs is provided in NPR 9095.1, "Working Capital Fund Policies and Requirements."

### 3.5.4 Apportionment.

3.5.4.1 An apportionment (or reapportionment) is a distribution of amounts available for obligation and outlay in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combination of these. The apportionment is requested by NASA and approved by OMB, and it limits the obligations that may be incurred.

3.5.4.2 All funds must be apportioned for the fiscal year before they are available for obligation. This includes appropriated funds that are unobligated but remain available in the new fiscal year (often referred to as carry over).

3.5.4.3 Spending authority from reimbursables that has been realized but not earned, that is still available based on the funding source, and that is still within the contract performance period may be carried forward and apportioned in the new fiscal year.

### 3.5.5 Funds Distribution.

3.5.5.1 Funds are distributed in accordance with the NASA Fund Control Regulations, provided in Appendix D. The levels of funds distribution (delegation of budget authority) below apportionment are:

- a. Allotment to mission.
- b. Suballotment/Allowance to theme.
- c. Allocation of Funding Targets to:
  - (1) Program.
  - (2) Projects.
  - (3) Project by Center.

3.5.6 When funds that have been distributed expire but remain unobligated, the Financial Management Division, OCFO, shall pull back the unobligated authority and manage it at an Agency level. The funds will be used to cover required upward adjustments to valid obligations until the appropriation is closed.

3.5.7 Appropriations, apportionments, allotments, and suballotments are subject to ADA requirements. Allowances are issued instead of suballotments when the Agency CFO wishes to further distribute funds to meet operational needs but has determined that ADA or apportionment controls below the allotment level are not necessary.

3.5.8 As indicated in Section 1.7, NASA must have an authorization act that allows it to continue operations; be granted budget authority; have an approved apportionment; and if using appropriated funds, have a warrant from the Treasury that establishes the amount of moneys that may be withdrawn from the central accounts in order to execute the budget.

3.5.9 The funding sources to use for individual requirements are usually readily identifiable. However, when funding employee incentives or termination costs, and the employee has been or will be working on multiple programs or projects, that may not be the case. For that reason, a matrix is provided in Appendix E to assist is Headquarters and Centers in determining the appropriate funding source for these personnel actions.

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